

Raising the bar

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Jim Ware and Paul Carder look at how facilities managers can play a greater strategic role in business

There have been many assertions over the years that facilities management (FM) should be more strategic. Recent research provides evidence that indeed it can and should play a strategic role in enterprise, but the level of influence in any particular organisation depends entirely on the actions taken by senior FM executives.

To be effective, FM leaders must change their behaviours and their very identity. We believe strongly that FM is no longer just about managing facilities per se; rather, it is about enabling the workforce to be productive and engaged and to produce value for the organisation. In our view, and in the view of leading FM executives, today's workplace is nothing less than a tool for supporting work, for shaping the experiences of the workforce, and for producing competitive advantage.

Our perspectives are based largely on a survey completed by almost 400 FM professionals across six continents in summer 2012. The research focused specifically on how FM is currently organised, governed and measured, as well as on how FM professionals interact with their peers in other infrastructure disciplines.

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Our understanding of the issues was enriched by direct conversations with almost three dozen senior FM and corporate real estate (CRE) executives in the US, the UK, Australia, and Hong Kong, as well as with thought leaders from academia and international professional associations.

It is clear to us that to be effective and to serve an organisation's real estate and business needs, FM leaders must work on a number of multidisciplinary relationships within it. They must focus on gaining the buy-in needed to provide coordinated workforce support from all the infrastructure functions. The overarching goal must be to achieve a deep common understanding of the strategic imperatives of the organisation as a whole.

What stands in the way?

In our experience, the 'Head of FM' ? a generic title for the senior functional executives ultimately responsible for facilities, corporate real estate and workplace ? is often poorly led from above. Not nearly enough thought goes into considering business strategy and how to translate it into tangible targets and actions for facilities operations.

We rarely see organisations map out a cause-and-effect chain to guide FM strategy, which is why heads of FM are so often told to cut (or freeze) their budgets without reference to the causal chain of consequences to the workforce, to work processes and productivity and to the bottom line.

Without understanding the consequences of these budget cuts, FM has all too often become a commodity rather than a professional skill in many organisations, to be maintained at lowest cost. Worse still, the FM industry does not yet have the sophistication to be able to analyse and report on the consequences of lowered standards and reduced (or lower-cost) resources.

Becoming strategic

To have a strategic impact, an activity or capability must differentiate the business from its competitors. It is worth noting that in some industries (retailing comes immediately to mind) the facilities are absolutely central to brand strategy and to generating business revenue.

In a 1996 Harvard Business Review article 'What is Strategy?' (Ref: 1) Harvard Business School Professor Michael Porter identified 3 basic principles:

- strategy is the creation of a unique and valuable position, involving a different set of activities [from competitors]
- strategy requires you to make trade-offs in competing ? to choose what not to do
- strategy involves creating 'fit' among a company's activities.

Operations, including facilities, can clearly help an organisation to be competitive in the marketplace. But the key idea is differentiation. It is not enough just to have lower-cost facilities than your competition.

The questions that must be asked relate to how well your facilities/workplace strategy contributes to your business strategy. Is FM aligned with the requirements of your business units, in the locations where you need to be? Do your facilities support your talent recruiting and management strategies? Are the workplace designs consistent with the business technology needs and strategy? Does the facilities cost structure support the company's financial strategy and cash flow requirements?

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Perhaps even more importantly, facilities managers have to ask themselves this very basic question: "What is the facilities function doing to strengthen the company's strategic positioning with customers, with employees (and prospective employees), and with the communities where we are located or want to do business?"

Summary of findings

The 2012 global survey compiled responses from FM professionals in over 40 different

countries. It revealed that:

- facilities are increasingly being recognised as a strategic resource
- FM has had mixed success in achieving strategic alignment with other elements of business
- large, global organisations face dramatically different challenges to those of smaller, more local businesses and they manage their facilities very differently
- financial metrics and cost control continue to dominate FM
- heads of facilities are still buried in day-to-day operational concerns
- FM career paths are undergoing significant change, and the FM profession faces a potentially serious future talent shortage.

Recommendations for action

Think strategically

It may sound simplistic, but thinking strategically means focusing on competitive advantage, as suggested above. And when heads of facilities focus on helping their companies establish competitive advantage, they are paying attention to and even helping to shape business strategy.

Thus, our first recommendation for action is that heads of facilities develop a deep understanding of the business they are supporting, its customers and its competitors. In addition, strategic thinking includes understanding how to develop financial models, how to build and analyse alternative future scenarios, how to see 'over the horizon', and how to link causes and consequences in areas as diverse as HR, IT, finance, operations and even marketing and procurement.

Act strategically

Strategic action begins with strategic thinking, but thinking is only the first step. When heads of FM behave strategically, they are spending more time on the future than on the present and they are focusing their staff's attention on business issues.

An effective head of FM develops and applies measures of FM's impact not only on the bottom line (which of course can be very strategic), but also on performance outcomes such as attracting and retaining talent, staff productivity, the 'triple bottom line' (Ref: 2), community recognition, and even broader metrics such as brand recognition, market share and net profit.

Rebuild the FM role

The heads of FM must also take several basic, short-term actions that serve to free up their time to focus on the core strategic issues. First among these is to develop a strong layer of operational management within the existing corporate FM organisation. Recruit subordinates with strong FM and management experience; be willing to bring in strong managers even if their FM-specific experience is weak or non-existent. The in-house (occupier) team in an outsourced FM model requires business and management competencies more than technical skills.

Outsource activities

We believe that the best pathway for making FM more strategic is to outsource as much of the operational, routine work to third-party service providers as possible. Spending less time 'firefighting' will free up in-house resources and allow heads of FM and their immediate staff to focus much more on long-term planning and strategic challenges (both FM-related and business-focused). Among the organisations we interviewed, those that were clearly operating more strategically (and were recognised as a strategic resource by their senior business executives) had outsourced far more of their operational activities than those in which FM was struggling to get resources and recognition.

Ask for support

One of the most critical activities for heads of FM is to educate their senior business executives and functional colleagues about how to work with FM. FM is most successful when business leaders know how to define their requirements, how to establish performance goals beyond simple financial measures, how to assess outcomes and how to plan ahead to ensure that their facilities do in fact help to create strategic advantage.

Effective heads of FM do not buffer their business counterparts from the details of FM; just the opposite. They take every opportunity to help their clients to understand the strategic role of facilities and ensure that facilities and workplace design issues are part of every strategic conversation.

This is a summary of the full report [Raising the bar: Enhancing the strategic role of facilities management](#), published by RICS on 1 November 2012.

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Further information information

- Ref. 1: Porter, M. (1996) '[What is Strategy?](#)' Harvard Business Review, November-December
- Ref. 2: The 'triple bottom line' was first defined in 1994 by British consultant John Elkington. It refers to measuring organisational performance along 3 complementary dimensions: 'people, profit, and planet'. See '[Triple Bottom Line](#)', The Economist, 17 November 2009, for a more complete discussion of this important concept.